

THE ST. MARY’S COUNTY COMPREHENSIVE PLAN

CHAPTER 9: ECONOMIC DEVELOPMENT ELEMENT.....1

9.1 ... GOAL: ASSURE A STRONG, DIVERSE ECONOMY THAT PROVIDES A WIDE RANGE OF EMPLOYMENT OPPORTUNITIES

FOR ALL SEGMENTS OF THE POPULATION AND A BROAD TAX BASE.5

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Chapter 9: ECONOMIC DEVELOPMENT ELEMENT

The economic base of St. Mary's County remains healthy through the first decade of the new century. Population, jobs and income levels all grew steadily, each outpacing growth rates in Maryland and the U.S. In terms of population growth, St. Mary's County recorded the 2nd fastest growth rate in the state in 2008. The County's population also grew the 2nd fastest so far this decade (2000-2008). Only Calvert County grew at a faster rate. Charles County ranked 3rd in state growth rate. Thus, Southern Maryland continued to lead the state in regional population growth rate as shown in Figure 9-1.

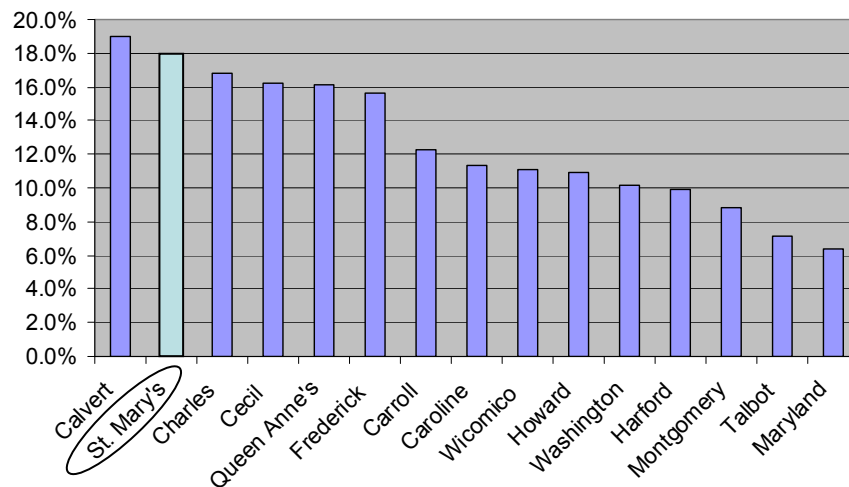


Figure 9-1
Population Growth of Maryland Counties Exceeding State Average 2000-2008
Source: U.S. Census Bureau, American Community Survey

Two major factors contribute to this trend. The first is exurban growth. People are moving farther out than the traditional population centers in the Washington, DC and Baltimore urban and suburban corridors. The search for a relatively lower cost of living along with less traffic, congestion, and a better overall quality of life is a major consideration. Twelve of the fourteen counties shown in the chart above are exurban. Figure 9-2 shows the relative cost of living of Maryland counties. St. Mary's County's rating of 107.7 ranks lowest among Maryland suburban counties.

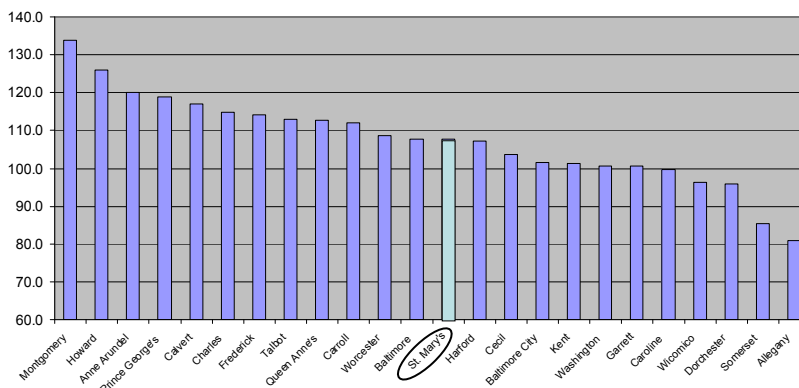


Figure 9-2
Cost of Living Index of Maryland Counties, 2005
National Average = 100
Source: Maryland Department of Business and Economic Development

The second and more important factor that affects population growth in Southern Maryland and St. Mary's County in particular is employment opportunities. St. Mary's is alone as the only exurban Maryland County with a large regional employer in NAS Patuxent River where 22,500 work. Coupled with other major regional employers in Department of Defense, energy, health care, and education, Southern Maryland as a region, and St. Mary's as a county both lead the state in projected job growth. Figure 9-3 shows many of the same counties as in Figure 9-1.

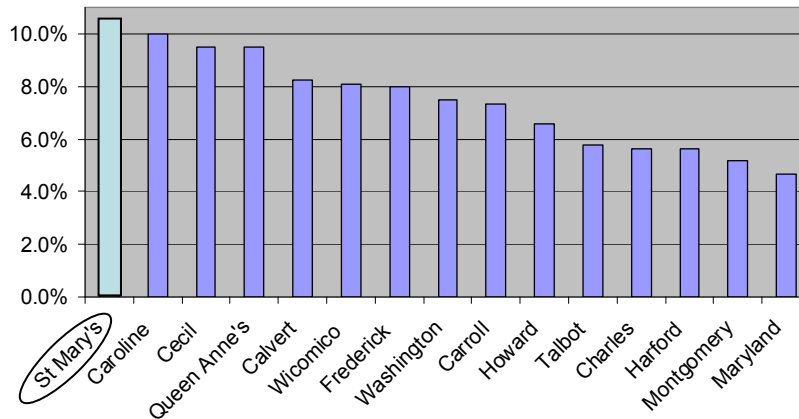


Figure 9-3
 Projected Labor Force Growth of Maryland Counties Exceeding State Average 2005-2010
 Source: Maryland Department of Planning, February 2009

The high quality of jobs has had a significant impact on incomes. Median household incomes in St. Mary's County grew at the 2nd fastest rate in the state between 1999 and 2007. The County ranked 4th (effectively tied for 3rd) overall in 2008 average weekly wages as shown in Figure 9-4a. In the all-important total government, federal government, and professional business services categories representing the defense contractor firms, St. Mary's ranks in the top 3 in the state. Neighboring Calvert and Charles Counties, typically not among the top counties, have been included for comparative purposes.

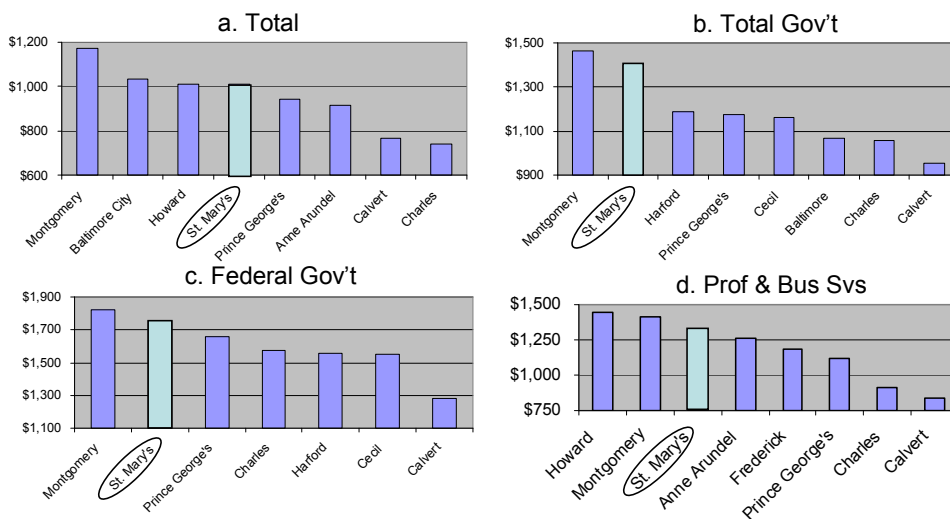


Figure 9-4 a-d
 2008 Average Weekly Wages of Select Maryland Counties
 Source: Maryland Department of Labor, Licensing and Regulation

The high salaries of the approximately 8,000 NAS Patuxent River civilian employees are

the key reason. The average salary of these workers was almost \$88,000 in 2007. For NAVAIR and Program Executive Office employees, the average salary was just below \$100,000. (Source: NAS Patuxent River, December 2007.)

The mix of labor in the County is heavily weighted to the federal defense sector. In 2008 St. Mary's led the state with the highest rate of federal government employment at 18.1%. Cecil ranked 2nd at 11.6%, and Harford and Montgomery follow at 9.4% and 9.1% respectively. In terms of total government employment (federal, state, local) St. Mary's at 29.4% was 2nd only to Somerset County (41.6%) where a large state prison makes up a large portion of their economy. In terms of the two categories that represent the federal defense sector, federal government and professional and business services, combined represented a total of 41% of all jobs in the County. But in terms of wages, these two categories combined represented 61.6% of all county wages, up from 58.4% in 2002. The consumer spending effect for this large sector is also greater than the County average.

	<u>2008 % All County Wages</u>	<u>2008 Avg Annual Wage</u>	<u>2002 Avg Annual Wage</u>	<u>% Chg 02-08 Annual Wage</u>
Federal Government	31.5%	91,156	68,484	33.1%
Professional and Business Services	30.1%	69,160	50,284	37.5%
Trade, Transportation, and Utilities (incl. Retail)	10.6%	32,552	27,820	17.0%
Education and Health Services	7.8%	39,936	30,680	30.2%
Local Government	7.7%	43,680	35,048	24.6%
All Other (8 categories)	12.3%	28,842	24,715	16.7%
Total County	100.0%	52,520	40,612	29.3%

Table 9-1
2008 vs. 2002 Average Weekly Wages of Top 5 Sectors and All Other
Source: Maryland Department of Labor, Licensing and Regulation

In terms of wage growth, the top 5 industries are shown in Table 9-1. The two federal defense categories not only represent the largest share of wages, they also represent the highest growing wage rates in the County.

In terms of unemployment, following a long period of steady and low unemployment (3%), unemployment has been rising steadily since the economic recession began in early 2008 and is now over 6% as shown in Figure 9-5. While unemployment is on the rise, the amount of increase has been comparatively less than the state and nation. This is due in large part to the strong presence of the defense sector in the local economy. St. Mary's unemployment rate increase has also been relatively less than all other Maryland counties and the City of Baltimore since the recession began in 2008. During the first half of 2009, St. Mary's unemployment rate ranked 3rd lowest in the state behind Howard and Montgomery Counties. This is an improvement from a ranking of 9th lowest in 2006.

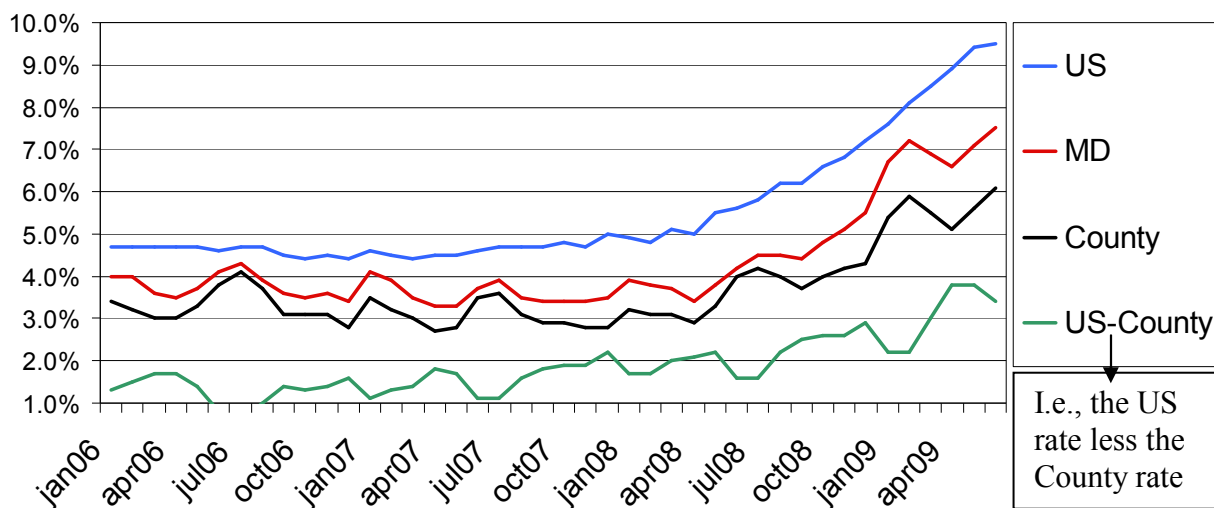


Figure 9-5
 Unemployment Rates U.S., Maryland, St. Mary's County
 January 2006 - June 2009

Source: Maryland Department of Labor, License and Regulation, U.S. Bureau of Labor Statistics

Public investments in roads, parks, schools and other facilities and infrastructure have been supportive of growth. While the pace of growth will vary as has been the case recently with the slowing economy, this plan builds on the County's inherent strengths of its major employers and unique industries combined with a great quality of life that will enable continued growth into the future.

In terms of land use, economic development has and must continue to adhere to principles of concentrating in appropriate areas, avoiding conflicts with surrounding land uses and effectively generating improvements to supporting infrastructure and facilities. Implementation strategies from the comprehensive plan should continue to reinforce such adherence to principles. To support the continued function and contributions of the largest employer in the County, NAS Patuxent River, the County Commissioners have committed to minimizing encroachment, improving schools, ensuring adequate housing, improving transportation, revitalizing Lexington Park, promoting international marketing, encouraging technology transfer and other forms of economic diversification, and providing a range of lodging and conference facilities. See "St. Mary's County Consolidated Priorities for Community Support of the Navy" in Chapter 4. Such commitments will lead the way in fostering economic development throughout the County.

The overall economic development strategy for the County is to focus on core industries while encouraging business diversity. The goal is to enable business and employment opportunities for all segments of the population. The first priority is to continue to support the strong defense economy that supports NAS Patuxent River. Workforce expansion is vital to this. This involves attraction, recruitment and retention as well as preparation and revitalization of the future workforce. One particular demographic of interest is the young professionals in the age range of 20s and 30s who are typically new members of the community as interns or new employees in the defense sector. They represent the future workforce and it is vital that proactive efforts are pursued to attract and retain these new workers. Close interaction with the school system through STEM and other programs, Educational Partnership Agreements with higher education institutions, and stronger relationships with Jobs Connection/WIA programs all play an important role in workforce creation. Business attraction for additional contractor services to support expanded programs at Pax River, coupled with targeted complementary work of light

manufacturing, fabrication, and assembly. One strong possibility to pursue is UAV manufacturing. A Research and Technology Park tied to SMHEC and other research partners could provide a platform for technology transfer and commercialization of new innovations.

A second priority is support of the growing small business community. Small businesses populate all geographies and sectors of the County. They are the backbone to the non-defense economy and provide the essential goods and services to support a growing community. Increasingly small businesses are represented in the defense economy. About one-third of the defense contractors are home-grown small businesses. But this sector is challenged more by economic swings than large employers. Assisting in the creation, retention, and expansion of small businesses means streamlining regulations that are too costly and cumbersome. In keeping with business diversity, we need to incentivize expansion of diverse industries that build off of traditional economies. The County's first industries of agriculture and seafood are facing significant challenges. New ventures in agritourism, wineries, organic farming, and other uses of farmland for cottage industries provide opportunity to continue a rural way of life essential to the community. The Amish and Mennonite communities provide a model for the variety of uses possible in the rural preservation district. Commercial marine, boating, and fishing enterprises represent additional opportunities. The hospitality and tourism industry has expanded as St. Mary's has become more of a destination. Higher fuel prices have increased local travel and visitation. The County's rich history and heritage will continue to be a major driver for visitation. Special emphasis from the Maryland 375 campaign in 2009 has brought more attention to the County. A new Naval Air Museum, available in 2011, should bring more interest to St. Mary's. The expansion of resort lodging in the southern part of the County and along the water will help showcase the County's greatest treasure as a peninsula. The trend for more health and fitness in lifestyles, especially among the younger age group, will bring more sport and outdoor recreation opportunities.

Complementary industries such as construction and retail, while slowed by the current economic situation, represent significant small business opportunities in a growing community. Green design of facilities and sites that dramatically reduces resource use will be very important. A heightened need for the arts, entertainment, and cultural amenities for all age groups will require new venues such as a performing arts center.

A final priority is the attraction of businesses and industries seeking knowledge. The workforce in St. Mary's is a concentration of talent that's among the most highly-skilled and -educated in Maryland. The specialized expertise applied mostly to the defense sector can be transferred to conduct research, design, and engineering in other fields such as information assurance and security. This will require new approaches and incentives to attract these types of businesses and organizations to the County and the region.

9.1 Goal: Assure a strong, diverse economy that provides a wide range of employment opportunities for all segments of the population and a broad tax base.

9.1.1 Objective: Attract a variety of strong technology and service industries with diversified customer bases.

- A. **Policy:** Accommodate building of new and expansion of existing technology businesses. Support both defense and non-defense related business ventures.
 - i. Collaborate with the Navy in a partnership to achieve full utilization of research, development, test and evaluation facilities at Patuxent River Naval Air Station and Webster Field.
 - ii. To the extent possible, minimize or avoid the impacts of development around Webster Field that might threaten its continued operation.

- a. Action: Study alternatives and, as appropriate, initiate the creation of a zoning overlay, possibly an Air Installations Compatible Use Zone, around Webster Field
 - iii. Support advanced work force educational opportunities to ensure job employment skills are available to meet existing and new technology requirements.
 - iv. Ensure availability of property with the proper zoning in growth areas and priority funding areas for office, business and technology parks; industrial and research labs; warehouses; production; flex space; and the local labor force.
 - v. Provide adequate physical and technology infrastructure and facilities to support defense- and non-defense-related business growth. Provide incentives to encourage privately built water and sewer infrastructure in the developments districts. (Critical Area Overlays shall comply with State legislation for nitrogen reduction.)
 - vi. Streamline the development approval processes to significantly reduce the time between application and permitting.
 - vii. Provide incentives, training, and other tools to encourage business growth and diversification. Encourage established technology firms to increase non-defense work.
 - viii. Adopt Green Building/Subdivision design and site layout including LEED certification. Encourage mixed-use office, retail and other commercial services, with residential and possibly lodging. Encourage use and create incentives for using programs such as the National Association of Home Builder's Green Building Guidelines in critical areas of the County.
- B. **Policy**: Attract quality businesses through marketing and recruitment of enterprises with high asset and high wage levels.
- i. Encourage technology business growth closer to Webster Field.
 - ii. Target industry sectors and enterprises with particular emphasis on business diversity to include green design and construction; international marketing; research and technology organizations seeking a highly-skilled and educated workforce; and companies with an express interest in commercializing technologies used in defense and/or government-only applications.
 - iii. Encourage energy development in green, renewable areas. Also, seek clean, non-renewable energy development.
 - iv. Promote the County and region as emerging employment center of highly educated/skilled workforce.
 - v. Foster expanded availability of high speed Internet service.
- C. **Policy**: Attract particular businesses offering products, services, and other amenities with high local consumer and community demand.
- i. Target specialized retailers and other businesses such as a movie theater, book store, and outdoor recreation experiences.
 - ii. Increase offerings to attract and retain young professionals and families

who represent an increasing portion of the local workforce.

- D. **Policy:** Revitalize established business and commercial centers in designated growth areas that takes advantage of existing infrastructure and available public services.
 - i. Focus business attraction, retention, and expansion into the older parts of Lexington Park and Leonardtown as well as Charlotte Hall, Ridge, St. Inigoes, Callaway, Clements, Chaptico, and other designated growth areas.

9.1.2 **Objective:** Improve opportunities for small business.

- A. **Policy:** Recognize contribution of small businesses to both quality of life and economic development when revitalizing existing communities.
 - i. In revitalization projects, encourage mixed-use development that first considers existing small business or attracts locally-owned businesses as a part of the revitalized community.
- B. **Policy:** Encourage use of the traditional economy and the historic character of an area as a tourism asset and as an appropriate location for small businesses.
 - i. As a peninsula, location is challenging for development. Most historic sites and attractions are located along the coastlines where Critical Areas and other regulations limit use. Seek creative ways to foster business development at historic sites and important county crossroads such as Ridge, Clements, Chaptico, and others.
- C. **Policy:** Foster business clusters and associations where revitalization and/or new markets are a priority, e.g., St. Mary's Square, South County, Town of Leonardtown, and North County as regional center.
- D. **Policy:** Provide expanded opportunity for rural industrial and entrepreneurial activities.
 - i. Recognize the value of rural settings to such small-scale cottage industries as cabinet making or welding shops that are becoming increasingly important for supplementing farm incomes but that are inappropriate in more built up areas. Re-examine the zoning ordinance to develop a list of allowable uses to encourage appropriate small business ventures.
 - ii. Allow supplemental income productive activities at a scale or intensity which will not unduly change the character of the area; where these other activities are allowed there shall be performance standards which will prevent negative impacts on adjoining properties.
 - iii. Minimize restrictions for businesses on farms.

9.1.3 **Objective:** Promote the vigor and diversity of agriculture, aquaculture, fishery, and forestry industries.

- A. **Policy:** Pursue alternative crops and markets.
 - i. Increase education about and production of specialty crops for urban, regional and niche markets with emphasis on locally grown and raised. Examples include grapes and other fruits for wine; flowers; herbs, ornamentals and other nursery plants; organic produce and high value vegetables and fruits. These are often called truck farms and are well suited to the small fields of 10 to 30 acres.

- ii. Develop and market "recreation farms" and "pick your own" produce outlets.
 - iii. Aggressively pursue agritourism activities including development of wineries, corn and hay mazes, farm life demonstrations, community fairs and the like.
- B. **Policy:** Reestablish a robust agriculture program that preserves open spaces and strengthens traditional farming. Encourage agricultural development such as agritourism. Re-examine new uses of preserved agricultural land for profitability in a post tobacco production era.
- i. Provide governmental incentives and policies that encourage continued major acreage in traditional and alternative crops.
 - ii. Provide economic incentives and land planning to stabilize the presence of the Amish and Mennonite farming community.
 - iii. Provide increased marketing opportunities for locally grown products.
 - iv. Support local slaughterhouse capability to encourage local processing of livestock. Promote alternate livestock.
 - v. Increase fisheries and aquaculture initiatives.
 - vi. Support regional and local efforts to restore fish and shell fish populations and habitats.
 - vii. Provide infrastructure for more robust fishing industry, including landings, docks, and processing facilities.
 - viii. Support state efforts with surrounding states to share equitable laws to regulate fishing, crabbing, and oystering, and to effectively manage commercial harvesting for continued productivity.
 - ix. Expand recreational fishing opportunities.
 - x. Increase aquaculture production in both saltwater and freshwater with processing facilities available locally.
 - xi. Encourage fee paying fresh water fishing ponds and lakes.
- C. **Policy:** Support forestry programs that sustain private forests as valued resources for forest products, as components of rural open space, and as essential contributors to maintaining habitat and water quality.
- i. Encourage landowner and county participation in state and federal programs that enhance and protect forests and woodlands, support silviculture activities, and provide financial incentives for retaining forest including cost share programs, tax incentive programs for conservation, and management, education and technical assistance programs.
 - ii. Encourage management of forests to produce lumber and wood products.

9.1.4 **Objective:** Encourage tourist oriented businesses.

- A. **Policy:** promote retailing of antiques, local artifacts, and restaurants serving local fare.
- B. **Policy:** Promote a variety of lodging types, but especially those which capitalize on area assets.

- i. Bed and breakfasts on farms, in historic houses and areas, on waterfront properties.
 - ii. Hotels, motels and campgrounds with access to natural areas and the water.
- C. **Policy:** Increase attractiveness of St. Mary's County as a tourism destination by exploring and embracing innovative green building technologies that conserve resources and protect the environment while fostering growth. Green designs should incorporate:
- i. Gray water usage.
 - ii. Non traditional/new technology waste disposal and groundwater drainage systems.
 - iii. Development of waterfront amenities and attractions based on cutting edge green building and environmental technologies and to be accomplished through state/federal/local partnerships to include technology transfer from NAS Pax River contracting community and SMC-based educational institutions.
- D. **Policy:** Foster and protect communities that enjoy a strong sense of history and place to include:
- i. Activation of a local historic districts program with local regulatory protection.
 - ii. Designating the 18th century village section of Charlotte Hall as the County's first local historic district.
- E. **Policy:** Affirm the impact that architecture and architectural design has on the growth of areas as tourism destinations as well as on quality of life.
- i. Incorporate this charge into the historic preservation commission with activities to include issuing of awards for good new design similar to awards given for preservation of older structures.
 - ii. Make exterior and interior design aesthetics a priority in creation of the new Patuxent River Naval Air Museum recognizing the building's power to serve as a flagship anchor for tourism in Lexington Park as well as a symbol of the military/technology-driven nature of the County.
 - iii. Support Leonardtown in encouraging owners and developers of single story buildings in the town core to add upper stories for mixed use.
- F. **Policy:** Protect the County's natural and rural viewsheds.
- i. Support programs that preserve those viewsheds.
- G. **Policy:** Revise the Southern Maryland Heritage Area boundary to include a greater portion of Lexington Park and support designation of the redrawn cluster as a Target Investment Zone.
- H. **Policy:** Strengthen and enforce sign codes throughout the County.
- i. Ensure statewide and national sign programs are coordinated at the local and regional levels.
 - ii. Revise regulations to limit temporary event and real estate signs and then enforce the regulations.

- I. **Policy:** Support the designation of Leonardtown as a state Arts and Entertainment District.
- 9.1.5 **Objective:** Encourage recreation-oriented businesses. Emphasize historic sites, water recreation, waterfront commercial areas, and outdoor activities.
- A. **Policy:** Support outdoor recreation goods and service providers for activities such as hiking, biking, sailing, boating tours for birding, fishing, touring of historical and Civil War sites, kayaking and canoeing, etc.
 - B. **Policy:** Promote and expand museums and historic sites.
 - i. Support the master development plan for St. Mary's City.
 - ii. Support the Heritage Partnership's "Southern Maryland Heritage Plan".
 - iii. Support St. Clements Island Museum, Sotterley Plantation and the Piney Point Lighthouse.
 - C. **Policy:** Promote expanded recreational and eco-tourism opportunities that take advantage of the County's unique rural character and peninsular setting.
 - D. **Policy:** Promote development of resort and conference facilities.
 - E. **Policy:** Encourage new motor sports facilities and enhance current facilities.
 - F. **Policy:** Promote and expand marina and charter boat fleet activity and facilities.
 - G. **Policy:** Support the establishment of sailing centers.
- 9.1.6 **Objective:** Promote the integration of the Arts as a vital element of all aspects of life in St. Mary's County for the benefit of the health, welfare and economic development of its citizens and visitors.
- A. **Policy:** Support and encourage the development of the Arts and Arts enterprises in enriching the quality of life important to attracting and retaining a highly skilled/educated workforce.
 - B. **Policy:** Encourage planning for infrastructure to support arts programs accessible to residents and visitors alike.
 - C. **Policy:** Encourage participation in State and National programs to develop Arts and Cultural Heritage focal areas in appropriate sectors of the County including the Development Districts, such as Myrtle Point Park.
 - D. **Policy:** Support the incorporation of public art and art spaces where appropriate.
- 9.1.7 **Objective:** Balance local community and government services with private sector services in order to enhance quality of life for citizens through economic development programs.
- A. **Policy:** Focus government activities to fill gaps in goods and services the private sector will not or cannot provide and to reduce competition with private sector.
 - B. **Policy:** Utilize government to address legally mandated programs.